OCTOBER 10, 1966

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NORTH VIETNAM STILL UNABLE TO PRODUCE ENOUGH FOOD

U.S. FOODS RANK HIGH AT MUNICH TRADE FAIR

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

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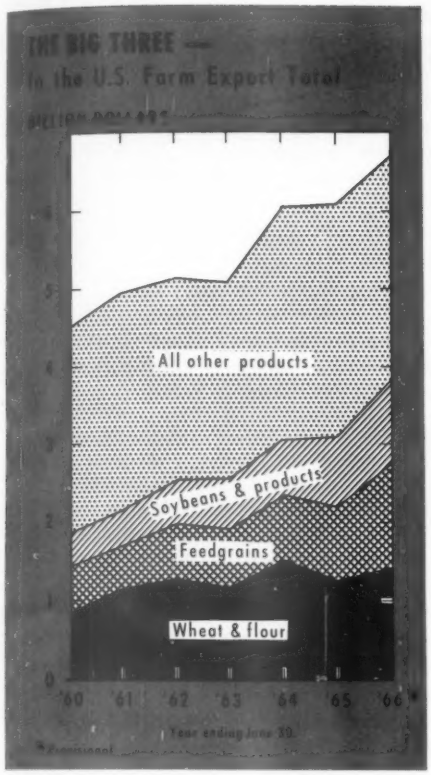

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Feed grains—U.S. Feed Grains Council.

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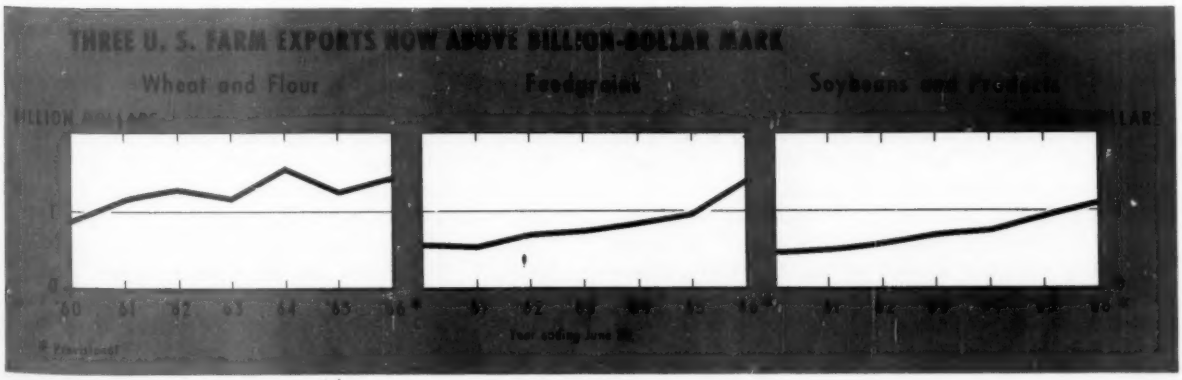
Proposed by Secretary of Agriculture Orville L. Freeman and sponsored by the Kansas City Chamber of Commerce with the cooperation of the Kansas City Board of Trade, the luncheon drew together representatives of farm and trade groups from all over the country.

Addressing the meeting, the Secretary noted that in a broader sense the awards paid tribute to all the farm commodities which have shared in this year's record exports of $6.7 billion. Wheat exports have exceeded the billion-dollar mark for several years; and in the marketing year that ended June 30, both feed grains and soybeans joined the exclusive billion-dollar export club.

But, the Secretary pointed out, the new farm export record would have been impossible without the gains scored by other commodity groups also—hides and skins, fruits and preparations, vegetables and preparations, rice, poultry products, and meats and meat products. Cotton and tobacco, while not showing gains in 1965-66, are important dollar earners, and exports of both are on the uptrend in the current marketing year.

Harking back to his first year as Secretary of Agriculture, Mr. Freeman recalled that he faced "a problem of surpluses and a surplus of problems." Farm exports in 1959-60 were on the way up, at $4.5 billion; but they needed to rise further.

This they have done, through the hard work and willing cooperation of government and the agricultural industries. The Secretary paid special tribute to the success of the expanded, intensified market development program that now includes 45 cooperating organizations working in 70 countries. Total farm exports, said Mr. Freeman, have risen 48 percent in a half-dozen years; dollar exports, even more—58 percent. Both total and dollar exports set records during the past marketing year, with dollar sales alone contributing $5.1 billion to the U.S. balance of payments.



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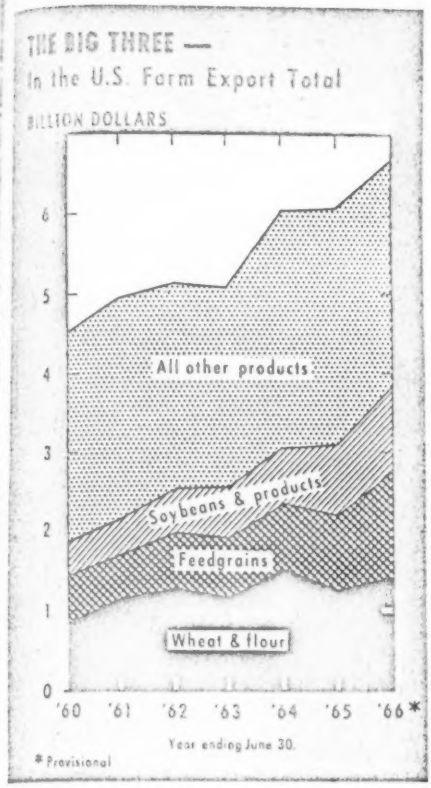

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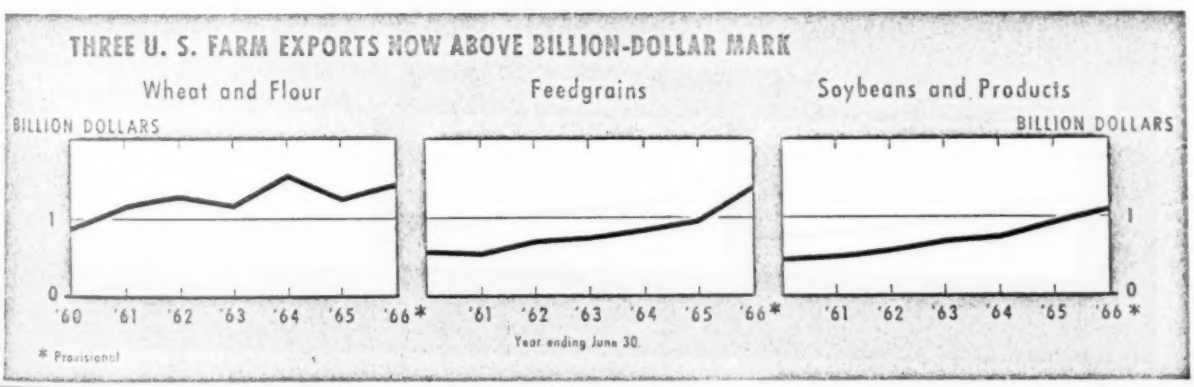


The strong support that farm exports provide for the balance of payments, the Secretary stressed, benefits the Nation as a whole, as well as expanding the income of the farmers and businessmen concerned. In fact, our dollar-earning farm exports are now much more than paying for our dollar-costing farm imports.

A decade ago, he said, we were running an annual deficit of well over a half billion dollars in our agricultural trade balance. But in 1965-66, we had a favorable agricultural trade balance of $2.2 billion.

The wheat story

The Secretary reviewed for the meeting the various ways in which the top three were raised to present levels.

The wheat story includes the joint efforts of government and industry to bring freight rates down, so that wheat could more easily be put into position to serve commercial markets in Asia.

Also included are the revision of U.S. grain standards, thus improving the quality image of U.S. wheat in other countries, and the two-way market intelligence program informing the U.S. wheat trade on the needs of foreign buyers and the foreign buyers on the uses and classes of U.S. wheat.

Technical services to bakers and end users of wheat and public information programs—especially in Asia—have helped expand interest and daily use.

All these efforts have brought some striking increases in dollar sales of U.S. wheat. Japan, top dollar buyer, has doubled its purchases in a half-dozen years. West European countries have supplemented local supplies with U.S. wheat.

Wheat has also continued as the mainstay of Food for Peace. In India, the biggest taker, American wheat has literally averted mass starvation. Other big users under "concessional" programs have been Brazil, Pakistan, Turkey, Yugoslavia, Poland, the United Arab Republic, Taiwan, and South Korea.

All together, said the Secretary, U.S. wheat exports last year reached a near-record value of $1.4 billion—about a third for dollars, the rest under Food for Peace. Volume—859 million bushels—was our largest in history.

The feed grain story

Not only are feed grains the No. 1 dollar earner among our farm exports—they are the No. 1 dollar earner among all American exports, including industrial products; for 90 percent of the feed grain total of $1.4 billion was sold for cash. This puts feed grains $100 million ahead of the leading U.S. industrial export category, which is motor vehicles and tractor parts.

One basis for this striking achievement, the Secretary reported, is American farm and marketing know-how. The increases in feed grain exports, he pointed out, reflect the fact that more livestock is being fed in the world—especially in Japan and Western Europe; that it is being fed *better;* and that to an increasing extent, this better nourishment comes from U.S. feed grains.

The U.S. feed grains industry, from producer to exporter, working with USDA, launched an intensive educational campaign to stimulate demand for the American grains—particularly in areas like Japan and Western Europe where growing demand for livestock products conflicts with limited farm space for extensive grain farming.

In these areas, demand for mixed feeds is rising rapidly, but manufacturers need up-to-date technological information on livestock feeding. The U.S. industry has made it its business to fill that need.

The steady march of U.S. feed grain exports toward the billion-dollar mark was led by corn, which by itself accounted for $933 million of the feed grain total last year. This, the Secretary noted, was a jump of 30 percent in one year and a gain of some three and one-third times within the decade. Equally striking gains were made in individual markets such as Italy, Japan, and Spain.

Of the other three principal feed grains, grain sorghums also showed strong growth in sales, especially in the past 3 years. Sales of barley and oats have both recovered strongly from a poor export year in 1965.

The soybean story

Soybean production and exports comprise one of the great success stories of this decade, according to Secretary Freeman. Production has jumped from 500-600 million bushels a half-dozen years ago to the current more than 900 million, and even this falls short of demand.

Prices competitive throughout the world plus highly effective market development work have built exports of soybeans, soybean oil, and soybean cake and meal into a billion-dollar business in just a few years. And, like our feed grain exports, 90 percent of our exports of soybeans and products are for dollars.

In addition, the Secretary pointed out, a good deal of soybean oil moves under Food for Peace. Thus it makes an important contribution to the raising of nutritional levels in developing countries that some day will be major markets for commercial exports.

The soybean industry, said the Secretary, is a growing industry, and all signs point to continued growth. Already, in only a half-dozen years, its success story has meant a doubling of farmer returns from this one crop.

The export future

The Secretary noted that U.S. overseas assistance programs are now in a period of transition as the impending crisis of world hunger is increasingly recognized. To face this world problem realistically means a major shift in aid program emphasis—the proposed Food for Freedom approach—linking U.S. food aid to the receiving country's determination to take definite steps to strengthen its own agriculture. U.S. Government technicians worked in 39 of the world's developing countries last year, sharing U.S. agricultural production and marketing know-how.

In most of these countries, farmers are not part of a market economy of any consequence. To bring them into the market by expanding production holds promise for both greater world stability and enlarged world trade.

Another new departure under Food for Peace is an emphasis on the overseas need for specific *kinds* of food. This means, he stressed, that U.S. agriculture will be called upon to provide the right "mix" of commodities, to meet these specific overseas program needs.

Increasingly, American agriculture has become world-oriented. Its farmers are the world's biggest exporters, supplying more than 20 percent of world agricultural trade. And, by 1970, U.S. farm sales for dollars alone should reach $6 billion, and total farm exports, $8 billion.

North Vietnam Still Unable To Produce Enough Food

With food output apparently headed downward this year, North Vietnam stresses increased savings of food and labor, modifies production goals.

By MARION R. LARSEN
Foreign Regional Analysis Division
Economic Research Service

Unfavorable weather and labor shortages caused by military demands have inflamed one of North Vietnam's most persistent problems—its inability to reach an adequate level of food production.

The solving of this problem, a prerequisite to North Vietnam's improving its balance-of-payments position or easing its rationing measures, has been a major goal of the Communist regime ever since partition. For almost as long it has been "just around the corner." But the First Five-Year Plan (1960-65) slipped by without a solution, and the current "catch up" plan (1966 and 1967) threatens to do the same.

Poor outlook for 1966

The 1966 situation is an old story for North Vietnam. The fifth-month rice crop (harvested in May-June) was handicapped by delays in seedbed preparation and transplanting, by unseasonably cold weather in April, and by insect infestation. Yields are down, and production is estimated to be significantly smaller than the good crop of 1965.

Subsidiary crops (corn, beans, sweetpotatoes, and manioc)—which had been making fairly good progress—also suffered from planting delays. Peasants found themselves preparing land for the 10th-month crop of rice while still harvesting the early rice crop, the subsidiary crops, and many of the industrial crops. These problems were further compounded by a labor shortage.

Since harvesting has the higher priority, delays in planting the 10th-month rice crop probably occurred, and a harvest no larger—and possibly even smaller—than the below-average 10th-month crop of 1965 may result. This crop normally accounts for almost two-thirds of total rice production in North Vietnam.

In the meantime, food imports—especially of rice from Mainland China—appear to be climbing and government reports give more and more space to the need for greater austerity in use of both food and labor.

This rather bleak situation has not only dashed official hopes of sustaining the modest production increases that occurred during the last 2 years of the country's First Five-Year Plan; it has pushed far into the future—if not eliminated—the plan's unfulfilled goals.

The last 5 years

The First Five-Year Plan was to have showcased North Vietnam's agriculture and brought food production to a level of 9.5 million tons (in terms of rice). Such an output would supposedly have closed the gap between food needs and production and allowed increased output of the important export crops—jute and reed, peanuts, cotton, soybeans, fruits, tea, and coffee.

Unrealistic to begin with, the goal became increasingly distant in the first few years of the plan as unfavorable weather, poor management, and the strained political situation dropped production below previous levels. At midcourse a revision had to be made; the food-production target fell to 7.1 million tons.

But even this was too high. The final outturn, according to recently released statistics, was less than 80 percent of the revised goal and only 58 percent of the original one.

Production of rice ended a disappointing 5 years at 4.5 million metric tons. Although 3.3 percent above the 1964 level, this was 10 percent below the revised goal, almost 37 percent below the original one, and 11 percent under the record crop of 1959.

Output of subsidiary crops fared a little better—because of extensive acreage expansion—but plans of expanding their production to 30 percent of total food output were only two-thirds realized.

Livestock output fell short of goals, with hog numbers only 78 percent of the target; and official complaints about the low level of exports indicate that results from industrial crops were below expectations.

Area devoted to agriculture during the plan period rose an estimated 320,000 hectares (1 hectare = 2.471 acres), as land reclamation projects in the uplands moved ahead. However, there was no corresponding rise in production of fertilizers, and yields of most crops barely held steady or declined.

Plans for the future

If accomplishing nothing else, the past inability to meet production targets has greatly tempered North Vietnam's estimates of changes that can be wrought in agriculture.

For the current 2-year plan (an economic and development plan aimed at solving the food problem), the country's only stated production aims are: A production of 5 tons of paddy per hectare; increases in animal husbandry to produce 2 hogs per household; and expansion in most areas of agriculture (no targets given).

Looking further into the future, the government planners have envisioned a food-production goal amounting to as much as 8 million tons, leaving the time period "up to the efforts of the party and the nation."

Out of the 8 million tons—which is modest when compared with the 9.5 million called for originally in the First Five-Year Plan—around 6.5 million would come from rice and most of the remaining from subsidiary crops of sweetpotatoes, corn, and manioc. (The reasoning of the regime here is difficult to understand, since the ratio of these figures is far short of the 70 percent:30 percent ratio the government had been striving for.)

The authors of these estimates did not mention the magnitude of inputs—particularly fertilizers—required to increase yields.

In fact, official statements imply that a higher application of fertilizer per acre will be quite difficult. The plans call for increased application of organic fertilizer, while admitting that gains in chemical-fertilizer production will be slow. Also, the statements ignore the fact that area to be covered is steadily increasing—and the fertility of the land diminishing—as a result of land-reclamation programs in marginal areas.

Irrigation, on the other hand, is scheduled to take priority among future technical programs, as it did under the First Five-Year Plan. Area under irrigation is to be expanded during the current plan (which ends in 1967) to cover 80 percent of the rice fields, 50 percent of the subsidiary crops, and 60 percent of the industrial crops. Emphasis will be placed on medium and small projects, such as constructing regional dikes, field dikes, and canals, especially in the midlands and highlands. Nevertheless, the major problem—the harnessing of the large rivers at their upper levels—appears destined to go unsolved in the immediate future because of a lack of capital.

Saving of labor, food stressed

Government emphasis of late on the need for saving of both labor and food seems to indicate that support of the war in South Vietnam is placing a strain on the nation's economy and on its agriculture in particular.

Concerning the labor supply, officials admit that a large number of men are being taken from the farm to support the military effort and that labor is a "key problem." Moreover, they have been recommending that more women work on the farms and that lighter duties be assigned to children and old men.

Similarly, officials have been pointing out the need to save foodstuffs by replacing starchy foods with more nourishing products—especially peanuts and soybeans. According to an article in the February issue of *Nghien cuu Kinh te* (Economic Research), this country could save about 200,000 tons of rice in coming years by cutting "the rice ration by 1 kilogram a month and increasing consumption of vegetables, peanuts, meat, fish, eggs, crabs, clams, snails, and mussels..."

Meeting of agricultural goals hinges on the solution of several other problems that still plague agriculture in North Vietnam.

One of these is the rudimentary distribution and storage system. Despite sharp improvements during recent years, inadequate storage and improper handling of foods still result in heavy losses, said to range between 15 and 20 percent of total food production. Insects, pests, and rats handicap the storage and marketing of grains and other staples; lack of cold storage and processing facilities limits production of perishables; and the primitive methods of storage and preserving greatly alter the flavor and physical characteristics of foods.

Another problem lies in the socialist structure itself.

Despite claims that 80 percent of the collectives have reached the higher level of development (a stage similar to that of the Soviet kolkhoz rather than the loosely knit organizations that formerly prevailed in North Vietnam), officials admit that standards of the collectives are low, material and technical foundations weak, and the production level still in the "backward handicraft stage."

Peasants reluctant producers

Also, the country continues to have difficulty getting the peasants to work "wholeheartedly" in fulfilling the needs of the state. Indeed, the North Vietnamese farmer, having once supported the government during earlier—and better—times, now responds reluctantly to the demands of the regime. He tends to resent the extreme control exerted over him, especially since many of his superiors are incompetent administrators—chosen for their political allegiance only.

Furthermore, the uprooting of families during the past 3 years from the fertile delta area for resettlement in the upland areas has reportedly led to a disintegration of morale and a lowering of labor productivity. Average production by persons resettled has been reported in many areas at less than 200 kilograms of food per person yearly, which is about two-thirds of the needed production.

The constant poor showing of agriculture greatly weakens the economy as a whole, forcing the unwelcome alternative of either concentrating on food production at the expense of export crops and industry, or continuing to stress the latter two at the expense of the peasants' diet. Either way is a losing proposition, for both ultimately result in an unfavorable swing in trade, as well as continued unsatisfactory living conditions for the farmers.

NORTH VIETNAM'S PRODUCTION OF MAJOR FOOD CROPS IN 1964 AND NEW GOALS [1]

Crop	Area		Yield		Production	
	1964	Goal	1964	Goal	1964	Goal
	1,000 hectares	*1,000 hectares*	*Quintals per hectare*	*Quintals per hectare*	*1,000 metric tons*	*1,000 metric tons*
Rice	2,430	2,600	17.7	[2] 25	4,300	6,500
Corn	243	300	11.4	15	277	450
Sweetpotatoes	224	350	51.6	60	1,155	2,100
Manioc	125	125	73.7	75	932	940
Other	[3] 78	[3] 125	....	....	18	.....
Total	3,100	3,500	....	....	[4] 5,320	[4] 8,000

[1] Data for goal extracted from *Nghien cuu Kinh te* (Economic Research), No. 31, Hanoi, February 1966. Translated by U.S. Dept. of Commerce, JPRS: 36,997, August 15, 1966. Goal figures are maximum. The goal year is not specified, but probably is beyond 1967. [2] Weighted average of fifth-and tenth-month crop. [3] Other is a residual but includes mostly beans and vegetables which were not reported. [4] Columns do not equal totals; totals in terms of paddy rice.

Razi Institute scientists (left) take blood sample from a young animal; below, desert nomads tend their sheep. Special attention is being given to the desert herds and their role in transmitting diseases.

Near East Institute Working To Halt Spread of Animal Diseases

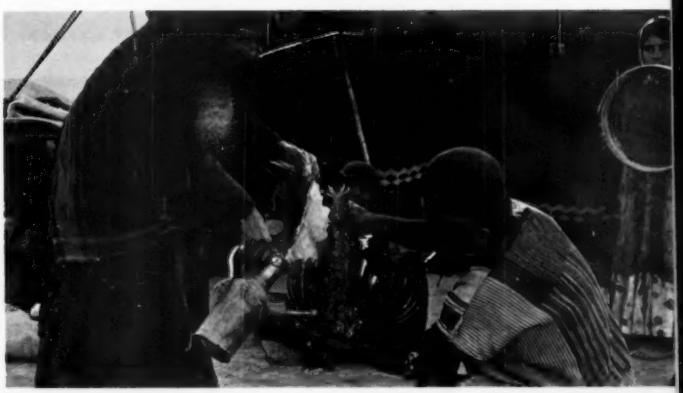
All too often animal diseases native to Africa sweep up into the Near East, leaving a swath of destruction behind and threatening the vulnerable livestock industries in Europe.

With the twofold aim of freeing their lands of such costly livestock diseases and stopping transmittal to other areas, five Near Eastern countries are participating in a United Nations program of veterinary research and training—the Near East Animal Health Institute.

Created in May 1962, the Institute is funded with $3 million from the United Nations Special Fund and matching amounts from participating nations—the United Arab Republic, the Sudan, Iran, Iraq, and Lebanon; executing agency is the United Nations Food and Agriculture Organization. In each of the countries is a special branch—and project—of the Institute, all coordinated by a central office at Beirut.

One of these branches, the Razi Institute of Iran concentrates on foot-and-mouth disease and African horse sickness, giving over much of its time to studying the Bahktiari tribe and its role in spreading diseases. Like several hundred other nomadic tribes that wander the Near East, the Bahktiari own many head of cattle, horses, sheep, and other animals. These have been hit three times since 1960—by African horse sickness, SAT-1, and foot-and-mouth disease—and have apparently carried the diseases on to other countries. To eliminate such happenings, specialists from Razi carry out vaccination campaigns, remove any infected animal from the Bahktiari herds, and inspect other animals that might harbor germs.

Similarly, work in other countries relates to the needs of the particular area. In Lebanon, where poultry-raising is important, scientists are studying poultry diseases, while in the United Arab Republic, they are producing rinderpest vaccine and conducting livestock fertility research. The Sudan is working to overcome bovine pleuropneumonia, and Iraq is seeking ways to halt the spread of brucellosis, tuberculosis, and tick-carried diseases.



Center, a typical Bahktiari family; animals belonging to the nomadic Bahktiari tribe have been hit repeatedly by epizootics and then carried the diseases into other countries. Above, technician working at the Razi Institute.

U.S. Foods Rate "A" With Consumers and Trade at Munich

Sales were lively and orders livelier as seven States for the first time joined with U.S. food trade groups and FAS to stage one of the American food industry's strongest bids to put more of its products on European shelves and tables. Site of this bid was West Germany's IKOFA (International Exhibition of Groceries and Fine Foods) held in Munich September 17-25.

The Hall of States proved a popular feature, and State officials were highly pleased with the venture. Reflecting the general attitude, Robert M. Schneider, director of the Illinois Department of Agriculture, noted: "We are gratified at the size of the crowds and the real interest in our products. But what's more important, we are getting solid requests from the West German trade for firm price quotations on all of our products."

Besides Illinois with its popcorn and cheese, States represented included Louisiana with rice, pecans, and yams; Maine, apples and lobsters; Michigan, pea beans and red tart cherries; Minnesota, turkeys and canned foods; New York, maple syrup and yellow globe onions; and Pennsylvania, white mushrooms and heat-and-serve camping packs.

The Institute of American Poultry Industries' booth was besieged with customers for a turkey sandwich or two chicken drumsticks, each costing 12½ cents. On opening day alone, over 1,300 portions were sold. West Germany is the world's largest importer of poultry, and several thousand tons of U.S. turkey and chicken parts will move there as a result of orders placed at IKOFA.

Other commodity displays included rice, pecans, honey, soya products, canned and dried fruits, reconstituted orange juice, fish, and fresh fruits and vegetables. The latter—strawberries, nectarines, iceberg lettuce, carrots, and sweetcorn—along with cut flowers from California, Colorado, and Florida, proved to German buyers that U.S. produce and flowers can reach Munich and other European cities in garden-fresh condition.

Some 115 U.S. food firms sent representatives to promote their lines, made up of some 900 different items ranging from specialty foods like dry mixes and heat-and-serve soups to staples like canned beans and salad dressing. The delegates reported keen trade interest, with many importers, brokers, and agents wanting to buy these foods or represent them in Europe.

Businessmen at the fair estimated that orders for U.S. foods will mean approximately $4.25 million in new business over the next 12 months.

Clockwise from right: Importers eye New York maple sugar candy; German boy receives a Hershey chocolate kiss at the Pennsylvania booth; visitors hear about products unique to Louisiana; live lobster greets onlookers at the Maine exhibit.

Chef, right, removes chicken drumsticks from the oven at the U.S. poultry booth. Turkeys were also featured here and at the Minnesota exhibit.

Above, top, Basques from southern France sample American French fries cooked in soybean oil at U.S. soya booth; above, German boy tries U.S. pecans.

Left, two young German television stars receive souvenir shopping bags at Illinois exhibit; right, housewife notes freshness of U.S. vegetables flown in; below, demonstrator whips up a pie using frozen Michigan dessert cherries.

Statistics Show Contrast Between German and U.S. Farm Economies

In the past 5 years West Germany's total sales of farm commodities have risen more than 32 percent to a 1965 total of $6.6 billion; during the same period those of the United States rose about 15 percent to $39.2 billion. Farmers in both countries are making strong efforts to maintain this upward trend, but their cash commodities and farm techniques differ importantly.

Fully 75 percent of Germany's farm sales are in the form of livestock products, and less than 25 percent from the sale of crops. Hogs and milk alone account for nearly 50 percent of the German farmer's income. In the United States the ratio is about 54 percent from livestock products and 46 percent from crops. The following table shows the percentage of income from major products in West Germany and the United States.

PERCENTAGE INCOME BY PRODUCTS

Product	U.S., 1964	W. Germany, 1964-65
Crops:	*Percent*	*Percent*
Grain	14.9	9.5
Potatoes	.8	3.7
Sugarbeets	1.0	4.2
Fruit	4.7	2.7
Vegetables	6.2	1.6
Other	[1] 18.8	2.3
Total crops	46.4	24.0
Livestock products:		
Cattle	21.0	18.5
Hogs	8.2	21.6
Milk	13.6	27.9
Eggs	4.7	6.0
Poultry	4.3	1.3
Other	1.8	.7
Total livestock	53.6	76.0
Total percent	100.0	100.0

[1] In the United States, cotton, tobacco, and oilseeds accounted for 14.8 percent.

German farming is much more highly mechanized than that of the United States; its 1.5 million farms, including the very small ones, have about 1.15 million tractors. This equivalent of one tractor for each 17 acres of cropland includes many small garden tractors, while in the United States—which has one for every 70 acres—horsepower is generally much higher. In addition, German farmers have 115,000 combines—one for every 106 acres of grain—and 420,000 milking machines—one for every 14 cows. Yield per acre for several German crops—grains in particular—is much higher than that of the United States.

CROP YIELDS PER ACRE

Crop	U.S., Average 1961-65	W. Germany, Average 1961-65
	Bushels	*Bushels*
Wheat	25.5	49.2
Rye	19.7	39.3
Barley	36.4	56.0
Oats	45.1	80.2
Corn	65.8	54.6
	Metric tons	*Metric tons*
Potatoes	8.9	10.0
Sugarbeets	17.0	15.1

Wheat yields during the past 5 years averaged 49.2 bushels per acre against 25.5 bushels in the United States. Higher yield has resulted in a 40-percent increase in Germany's grain production since before World War II even though acreage now is smaller than before the war. Average grain yields are now nearly 50 percent higher than prewar. Potato yields are about the same as in the United States and sugarbeet yields somewhat lower.

While higher grain yields are attributed in part to better rainfall, a more significant factor has been the heavier application of commercial fertilizer. West German farmers apply nearly double the amount of nitrogen, nearly 2.4 times the phosphoric acid, and nearly 4.0 times the potassium per crop acre that American farmers apply. However, even though use of fertilizer has more than doubled in Germany since prewar times, the rate of increase has been slower than that of the United States. The following table compares use in the two countries.

COMMERCIAL FERTILIZER PER ACRE OF CROPLAND

Kind	U.S.		W. Germany	
	Prewar	1964	Prewar	1964
	Pounds	*Pounds*	*Pounds*	*Pounds*
Nitrogen	2.4	29.2	17.6	51.1
Phosphoric acid	5.2	22.2	23.0	52.2
Potassium	2.7	18.1	33.5	71.0
Total	10.3	69.5	74.1	174.3

This article was based on information supplied by the Office of the Agricultural Attaché, Bonn, Germany.

UAR Tries Aerial Pest Control on Cotton

At the rate of an acre a minute, two airplanes sprayed insecticide over 70 acres of Egyptian cotton some weeks ago in an anti-pest experiment that UAR officials have deemed highly successful. Good pest control for the country's No. 1 cash crop is important for cotton farmers in Egypt because their irrigated plantations—like most in the Middle East—are extremely vulnerable to insect damage.

Similar experiments reportedly will be tried to combat mosquitoes on rice fields, but cotton plantations stand to gain the most from widespread use of this method that is new to the UAR.

Aerial spraying can save the cotton farmer time, money, and scarce manpower, and at the same time give him a greater measure of control over his crop—especially in the heavily infested areas. According to the Egyptians, airplane spraying against cotton leaf and bollworms could bring down the cost of treatment per acre substantially.

Hand treatment still important

Egyptian crops generally are cultivated and sprayed by hand equipment or land machines, which cover them less evenly and completely than the airplanes and use four times as much insecticide. However, despite the inefficiency of hand methods, aerial spraying is not expected to replace them completely. One of the most effective means of ridding cotton plants of pests is the hand removal of egg larvae from the stem.

UAR officials plan to follow up the experimental spraying with research on the degree of effectiveness of the insecticide, as well as any adverse effect spraying may have on human and animal life.

Kenya Stressing Development of Its African Farming Areas

By Howard A. Akers
U.S. Agricultural Attaché, Nairobi

Efforts to improve the lot of Kenya's African farmers—which began on a modest scale in 1945—will continue and intensify under the country's revised development plan for 1966-70.

The plan, an updating and refining of the earlier one for 1964-70, allocates some $112 million to Kenyan agriculture. Roughly 35 percent of this will go to the African areas for programs of land consolidation and registration, improvement of credit to smallholders, and other projects. About 22 percent of the total will finance further development of the 1-million-acre settlement scheme, under which African farmers have been settled in areas formerly occupied by non-Africans. Still another 22 percent is set aside for land transfers to large-scale national and transitional farms. Most of the remaining money will be spent on irrigation, research, expanding livestock output, and improving production of cash crops.

Agriculture the biggest moneyearner

The plan recognizes that agriculture will be the most important sector of Kenya's economy for many years to come. Of the country's 1.6 million families, 1.2 million earn their living from agriculture and animal husbandry, and in 1964 no less than 62.5 percent of total exports were raw or processed farm products.

During the plan period, agriculture is to maintain its share of the gross domestic production, which the government hopes will rise by over 6 percent a year; provide employment for three out of every five men who reach working age; and account for more than 60 percent of the increase in exports.

Distribution of funds will be made so that the African areas' share will increase from 28 percent of total agricultural expenditures in 1965-66 to 69 percent in 1969-70.

There is sound economic justification for this shift in spending. Over three-fourths of both the rural population and high-potential land are located in the African areas: yet only a third of the commercial production is centered here. Moreover, these areas must support most of the new agricultural jobs required by 1970.

Land consolidation emphasized

Greatest share—$12.2 million—of the $39 million allocated to African areas will go for programs of land consolidation and registration. Under land consolidation, a farmer may exchange his small and scattered holdings for plots that are adjacent to one another; registration gives the farmer a sort of title to the land on condition that he does not divide it into smaller plots.

The Kenyan Government has estimated that roughly 25 million acres of agricultural land should undergo some form of consolidation and registration but that 13 million of the acres are suitable only for ranching in large-size units. The government is also determined that land consolidation progress much more quickly than in the past.

Almost as large an amount—$12 million—will go for expanded credit to the smallholders. It is anticipated that the improving of credit facilities alone will allow production in African areas to increase from the current $5.6 million worth to $42 million worth by the mid-1970's. Much of this investment will be in the semiarid range areas, where returns are extremely low.

Agriculture in the new settlement schemes will be financed by some $24.2 million. This will go mainly for improvements in agricultural extension, farm management, production practices, and marketing rather than for substantial land acquisitions.

Some $7 million of the planned expenditure will be used for expansion in livestock production—to rise 32 percent by 1970.

Another $5 million will go for construction of irrigation facilities, a relatively new development in Kenya. Irrigation could make a significant contribution to production, income, foreign exchange earnings, and employment in Kenya. With maximum development—covering about 400,000 acres—irrigation could provide direct employment for about 150,000 people and a livelihood for nearly 850,000 more, not to mention indirect benefits to persons in other sectors of the economy.

The plan also provides for more intensive use of the cooperative form of organization. Value of products marketed through cooperatives, estimated at $84 million in 1964, may rise to $140 million by 1970, if production targets are achieved.

Because of mismanagement and failure of cooperative marketing in some areas, the government intends to introduce legislation to give more regulatory power to the Commissioner of Cooperative Development, enabling him —among other things—to exercise control over budgets.

Scheduled areas still important

Despite the shift in inputs to former African areas, the government has not lost sight of the importance of agricultural production by non-Africans. For some time the so-called Scheduled areas—where non-Africans farm—will continue to supply over half the marketed agricultural output. Attainment of the 1970 targets will be impossible if production from these areas does not rise steadily.

Development in Kenya is also being advanced by massive assistance from several external agencies.

During 1965, the World Health Organization and the Food and Agriculture Organization of the United Nations assisted in drawing up a 5-year program to eradicate trypanosomiasis in Western Kenya, where more than 40,000 square miles are said to be infested with tsetse fly. Hopes are to start the program by the end of 1966.

A project to increase the African smallholders' production of tea is being financed by loans from the Commonwealth Development Corporation, the International Development Association, and West Germany and by the Kenyan Government. Plans are to up African tea area to 25,000 acres by 1970 and to make tea Kenya's most valuable export crop.

This expansion is part of Kenya's program to become less dependent on coffee—now under strict and effective acreage control. Producers of the relatively high-quality Kenyan tea are not handicapped by world surplus problems such as those now facing coffee producers.

France Increases Its Butter Exports

France increased its butter exports in the first 5 months of 1966 to 33.6 million pounds, 94 percent higher than the 17.3 million exported in the same months of 1965. Expanded trade with all the traditional markets except Belgium and Tunisia accounted for this rise. Sales to Italy—the largest single customer in this period—rose from 4 million pounds to 11 million. Shipments to Western Germany were up 12 percent to 7 million. Exports to the United Kingdom were considerably heavier, increasing to 4 million pounds, from less than 1 million a year ago. Slightly larger sales were made to several African outlets, among them Algeria, Morocco, the Malagasy Republic, and Senegal.

Imports of butter declined sharply from 25 million pounds to 1 million. There were no shipments from the United States, last year a supplier of 17 million pounds. Imports from West Germany, more than 4 million pounds in January-May 1965, dropped to 396,000.

U.K.'s Canned Milk Exports Smaller

Exports of canned milk from the United Kingdom declined sharply in the first half of 1966.

Shipments of evaporated milk—25 million pounds—were only 85 percent of those in January-June 1965. Sales to Ghana were up 7 percent to 5 million pounds. The Philippine Republic increased its purchases 1 million pounds to 4 million, while exports to most of the other traditional markets were considerably less than a year ago. Shipments to Malaysia declined 25 percent to 4 million pounds; those to Malta declined 30 percent to 2 million. No sales were made to Burma, which last year took 2 million.

Condensed milk exports dropped from 23 million pounds to 11 million. Shipments to Ceylon rose from 18,000 pounds to 1 million, but these were offset by considerably smaller sales to other markets and by lack of trade with Burma and Rhodesia. Last year these two markets took 3 million pounds and 2 million pounds, respectively.

World Cigarette Output Rises

World cigarette output in 1965 totaled 2,682 billion pieces—up 6.2 percent from the 2,526 billion produced in 1964. The gain, on both an absolute and percentage basis, was the largest in almost a decade.

Countries whose cigarette output was at least 30 percent above that of 1964 included Bulgaria, Congo (Kinshasa), and South Vietnam. Gains in the Netherlands, Spain, Switzerland, Tanzania, and South Korea exceeded 20 percent.

Leading producers of cigarettes in 1965, in order of importance, included the United States, Mainland China, the Soviet Union, Japan, the United Kingdom, West Germany (including West Berlin), Poland, Brazil, India, and Indonesia.

Output of cigarettes in 1965 in Free World countries totaled 1,849 billion pieces. Of last year's total, filter tips approached 850 billion pieces—up 20 percent from 1964's 710 billion. Producers of the largest volume of filter tips continue to be the United States, West Germany (including West Berlin), and the United Kingdom. Filter tips represented the largest percentages of total output in the following: Republic of Panama, Ryukyu Islands, Venezuela, UAR (Egypt), Republic of South Africa, Australia, and Switzerland.

Circular FT 6-66, with detailed information on world cigarette output by countries, is available upon request to the Foreign Agricultural Service.

Spanish Producers Expect Smaller Raisin Pack

The 1966 raisin pack in Spain is estimated at only 8,500 short tons, a sharp drop from last year's pack of 11,000 and the 1960-64 average of 11,700. The decline is attributed to lower grape yields resulting from drought and to increased utilization of grapes by distillers. Raisin output was smaller in both the Denia and Málaga areas.

SUPPLY AND DISTRIBUTION OF SPANISH RAISINS

Item	1964-65	1965-66	1966-67[1]
	Short tons	*Short tons*	*Short tons*
SUPPLY			
Beginning stocks (Sept. 1)	1,300	2,200	2,800
Production	12,700	11,000	8,500
Total supply	14,000	13,200	11,300
DISTRIBUTION			
Exports	5,100	3,800	4,400
Domestic disappearance	6,700	6,600	6,400
Ending stocks (Aug. 31)	2,200	2,800	500
Total distribution	14,000	13,200	11,300

[1] Beginning stocks and production, estimates; other items, forecast.

Spanish exports in 1965-66 were much below normal—not because of short supplies, since heavy stocks were carried in—but because of competitive factors. According to Denia sources, steadily rising costs have made it difficult for Denia raisins to compete with raisins of other countries. The United Kingdom, France, and Sweden are the main export markets for Spanish raisins.

Export prices are expected to be slightly higher than in 1965-66, and prices paid to producers are reportedly $14.50 per ton higher than a year earlier.

Netherlands Onion Crop Down

The Dutch onion crop, as of September 9, was estimated by the Central Bureau of Statistics at 146,000 metric tons, compared with 173,000 tons in 1965. This reduction of 16 percent was partly caused by a 10-percent reduction in yields per acre.

Iran Has Short Almond Crop

Iran's 1966 commercial almond crop was sharply below last year's level. The harvest—presently estimated at 2,500 short tons, shelled basis—is only about 40 percent as large as the 1965 crop and the 1960-64 average crop, both 6,600 tons. The drop in production was caused by severe

cold-weather damage and, in the absence of more reliable Iranian statistics, may be somewhat overestimated.

Because of the small crop, exports are expected to be about 45 percent below the estimated 2,800 tons shipped during the 1965-66 marketing year. Domestic commercial sales are also expected to decline by about one quarter from last season's level.

SUPPLY AND DISTRIBUTION OF IRAN'S ALMONDS
[Shelled basis]

Item	Average 1960-64	1964-65	1965-66 [1]	1966-67
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
SUPPLY				
Beginning stocks (Sept. 23)	1.0	1.0	1.5	2.0
Production	6.6	6.6	6.6	2.5
Imports	....	....	....	....
Total supply	7.6	7.6	8.1	4.5
DISTRIBUTION				
Exports	4.2	2.9	2.8	1.5
Domestic disappearance	2.5	3.2	3.3	2.5
Ending stocks (Sept. 22)	.9	1.5	2.0	.5
Total distribution	7.6	7.6	8.1	4.5

[1] Preliminary. [2] Forecast.

Iran Produces Small Walnut Crop

The 1966 commercial production of walnuts in Iran is preliminarily estimated at only 3,000 short tons, in-shell basis, against 4,000 tons in 1965 and a 1961-65 average of 4,300 tons. As a result of the smaller crop, exports are expected to be well below the estimated 2,100 tons (in-shell basis) shipped during the 1965-66 marketing year and the 2,500-ton average. Iraq, East Germany, and Israel are the main markets for Iranian walnuts.

IRAN'S COMMERCIAL WALNUT SUPPLY AND DISTRIBUTION
[In-shell basis]

Item	Average 1961-65	1964-65	1965-66 [1]	1966-67 [2]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
SUPPLY				
Beginning stocks (Sept. 23)	....	....	....	....
Production	4.4	3.0	4.0	3.0
Imports	....	....	....	....
Total supply	4.4	3.0	4.0	3.0
DISTRIBUTION				
Exports	2.5	1.5	2.1	1.2
Domestic disappearance	1.9	1.5	1.9	1.8
Ending stocks (Sept. 22)	....	....	....	....
Total distribution	4.4	3.0	4.0	3.0

[1] Preliminary. [2] Forecast.

Spanish Dried Apricot Pack Estimated Smaller

The 1966 dried apricot pack in Spain is estimated at only 2,000 short tons, down from 2,800 in 1965 and 2,200 in 1964. A short apricot crop coupled with increased demands by Spanish canners reduced the tonnage available for drying.

Exports in 1966-67 will be lower than the 2,200-ton volume shipped in 1965-66; they may approximate the 1,600 tons shipped in 1964-65. The Scandinavian countries—Norway, Denmark, Finland, and Sweden—took 90 percent of the Spanish exports in calendar 1965.

Export prices, according to the Spanish trade, are higher, having opened at 27.2 to 28.6 cents per pound, f.o.b. Spanish ports, for "Select" or "Choice" grade fruit.

Smaller Spanish Fig Crop Estimated

The 1966 dried fig pack in Spain may be smaller than the 1965 pack. Reliable data on Spanish fig production are not available, but some sources that estimated the 1965 pack at 8,300 short tons foresee a 1966 pack of 7,700 tons.

The Spanish trade, however, expects to be able to maintain the level of fig paste exports to the United States achieved in 1965-66. U. S. arrivals of paste from Spain (not completely synonymous with imports) amounted to 2,397 tons in the year ending July 31, 1966. The comparable tonnage for 1964-65 was 2,265 tons; for 1963-64, 2,325 tons; and for 1962-63, 634 tons.

Paste prices, according to Spanish sources, averaged 9.5 cents per pound c.&f. U.S. ports in 1965-66 and will be only slightly higher in 1966-67.

U.S. Cotton Exports Up

In the first month of the 1966-67 cotton marketing year (August-July), the United States exported 341,000 running bales of cotton, nearly triple the 117,000 bales shipped in the same month of 1965 and the largest August exports since the 1961-62 season.

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

Country of destination	Year beginning August 1			August	
	Average 1955-59	1964	1965	1965	1966
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	33	11	3	1	(1)
Belgium-Lux	160	80	43	3	4
Denmark	17	6	7	(1)	(1)
Finland	22	11	8	0	1
France	360	184	108	5	13
Germany, West	475	217	92	6	19
Italy	416	260	102	5	23
Netherlands	124	65	38	(1)	2
Norway	10	13	10	(1)	2
Poland & Danzig	85	66	42	0	0
Portugal	28	22	6	0	0
Spain	171	28	10	1	(1)
Sweden	75	58	59	2	8
Switzerland	64	66	35	1	8
United Kingdom	525	153	131	4	13
Yugoslavia	108	109	169	0	(1)
Other Europe	17	11	12	2	1
Total Europe	2,690	1,360	875	30	94
Australia	54	60	33	1	(1)
Canada	217	390	269	14	20
Chile	35	1	3	0	0
Colombia	33	1	57	0	0
Cuba	27	0	0	0	0
Ethiopia	4	4	20	0	0
Hong Kong	134	150	94	5	22
India	184	243	63	9	13
Indonesia	30	47	(1)	0	0
Iraq	0	0	0	0	0
Israel	16	23	5	2	(1)
Japan	1,154	990	705	16	129
Korea, Rep. of	205	261	301	16	28
Morocco	10	12	12	0	(1)
Pakistan	14	9	6	(1)	(1)
Philippines	64	75	93	6	12
South Africa	26	43	27	(1)	2
Taiwan (Formosa)	153	203	178	2	9
Thailand	4	55	55	9	5
Uruguay	15	0	(1)	0	0
Venezuela	2	6	5	(1)	0
Vietnam [2]	2	63	73	6	(1)
Other Countries	27	64	68	1	7
Total	5,100	4,060	2,942	117	341

[1] Less than 500 bales. [2] Indochina prior to 1958. Includes Laos and Cambodia.

Mexican Exports of Minor Fibers Up in 1965

Mexican exports of istle *(ixtle de palma* and *ixtle de lechuguilla)* and brush fibers in 1965 exceeded the total for 1964 but failed to compensate for the large drop in that year from 1963. The increase in istle was in the principal classes (cut, prepared, and combed). Istle mill waste and palma istle declined drastically in the past 2 years.

Broomroot fiber and sansevieria exceeded their totals for 1963 after a drop in 1964. Abaca fell from the 1964 total but continued larger than in 1963, and coir increased in both of the past 2 years.

The United States is the principal market for all of these fibers, although France, Italy, and other European countries take a sizable share of the istle fiber exports. Switzerland increased its purchases of istle in 1965, and France its purchases of broomroot fiber.

MEXICAN EXPORTS OF ISTLE AND MINOR FIBERS BY COUNTRIES OF DESTINATION

Fibers and countries	1963	1964	1965
	Metric tons	*Metric tons*	*Metric tons*
Total istle, unmanufactured	15,436	8,813	11,074
Istle, cut and prepared, n.e.s.:			
Total	5,489	5,009	6,324
United States	3,411	4,492	5,600
France	490	29	0
Switzerland	212	78	512
Other Europe	589	347	208
Istle, prepared and combed, n.e.s.: Total	2,189	1,649	3,233
United States	381	1,120	2,804
Italy	618	178	21
France	501	57	0
Switzerland	69	140	404
Other Europe	240	125	0
Japan	131	7	0
Istle mill waste: Total	5,314	1,860	1,516
United States	4,936	1,705	1,442
Palma istle: Total: United States	2,444	295	1
Broomroot fiber: Total	1,977	1,589	2,138
United States	1,570	1,068	1,769
France	190	196	205
Italy	96	63	70
Netherlands	32	133	14
Broomcorn and other brush fibers: Total: United States	2,840	4,866	2,334
Abaca: Total	279	309	285
United States	279	300	284
Sansevieria: Total	5	2	15
United States	5	0	15
Coir or coconut fiber: Total	176	225	263
United States	176	225	261

Official data of the Government of Mexico.

Philippine Abaca Situation Discouraging

Production of abaca in the Philippine Republic in January-June 1966 continued downward with a 15-percent decline from the comparable period of 1965. Weak foreign demand and relatively low prices contributed mainly to the decline. The large number of new plantings of 1964-65 will start producing before the close of 1966, but demand is not expected to improve much in the near future. The revised estimate of acreage harvested in 1965-66 was 6 percent larger than in 1964-65; average yield was lower.

Production of government-inspected fiber, excluding waste, fell from the comparable 6 months of 1965 by 20 percent in the southern Luzon region, where about 36 percent of the total fiber was harvested. A drop of 23 percent was reported in Leyte and Samar. In southern Mindanao, however, a small increase occurred because of better demand for the high grades of machine-cleaned fiber produced in that region. (In Foreign Agriculture Circular FVF 3-66 are data for preceding quarters.)

Exports in the first half of 1966 were 10 percent below those in the first half of 1965; however, because of the accompanying lower production, stocks on June 30 were 13 percent below those of a year earlier. Exporters' commitments indicated some improvement in exports in the last 6 months of 1966.

January-June exports in 1966 to almost all countries were smaller, including drops of 8,217 bales to the United States, 9,957 bales to Japan, and 2,532 bales to the United Kingdom. These 3 countries ranked first, second, and third, respectively, in quantity taken and accounted together for 75 percent of the total. Exports to Europe and Asia fell 14 percent, but those to Africa, Australia, and Oceania gained 83 percent, although the latter quantity is still relatively small.

PHILIPPINE ABACA SITUATION

Abaca	January-June 1965	January-June 1966	1966 change from 1965
Production:			
Area under cultivation at beginning of crop year ending June 30	*Hectares* 210,540	*Hectares* [1] 215,540	*Percent* + 2
Area harvested, year ended June 30	199,290	[1] 212,000	+ 6
Government-inspected crop:	*Bales*	*Bales*	
Line fiber	420,246	344,803	—18
Spinnable tow	5,860	4,613	—21
Decorticated fiber	13,903	13,078	— 6
Waste	377	238	—37
Noninspected fiber (Baled equivalent)	[1] 60,000	[2] 62,500	+ 4
Supply and distribution:			
Stocks, January 1	128,778	142,309	+11
Production (exclude waste)	500,009	424,994	—15
Total supply	628,787	567,303	—10
Exports	384,635	344,782	—10
Domestic consumption	[1] 69,297	[2] 70,000	+ 1
Stocks, June 30	174,855	152,521	—13
Total distribution:	628,787	567,303	+ 1
Average price:	*Pesos per picul*	*Pesos per picul*	
Davao	69.42	67.13	— 3
Non-Davao	62.58	57.05	— 9
Export Grade J1 [3]	*Cents/lb.* [1] 17⅜	*Cents/lb.* [4] 17⅛	— 1

[1] Revised. [2] Estimated. [3] Machine-cleaned. [4] F.o.b. Manila.
Note: 1 bale = 278.88 lb. 1 picul = ½ bale, or 139.44 lb. Effective exchange rate = 3.90 pesos to US$1.00.

Official sources except as noted. Exports are figures of Bureau of Fiber Inspection Service. Stocks in hands of producers, domestic users, and exporters are estimated. Prices are from Bureau of Commerce and trade sources.

Domestic consumption of fiber is turning more to rugs, mats, squares, sacks, and household articles. Experiments are under way for greater use in the manufacture of paper. Rope is the principal manufactured product, but shipments of rope and cordage at 5,411 metric tons in January-June 1966 were 423 tons below those of the comparable 6 months of 1965. Synthetic rope and cordage are strong competitors for the abaca market.

Prices of abaca in the first half of 1966 averaged lower than in the first half of 1965. Prices in individual months

were lower than comparable 1965 prices for all principal grades except Domestic Grade Davao J1 in January and February and Export Grade machine-cleaned Davao J1 in January, May, and June. Domestic grade prices were lower in June than in January, but the export grade was higher in both May and June than in January.

Ireland Announces Wheat, Barley Support

Ireland's domestic wheat will be marketed this year on the same basis as last year, according to the country's Minister of Agriculture, Charles J. Haughey. Three grades are involved: Millable wheat, potentially millable wheat, and unmillable wheat. Millable and potentially millable wheat are to be purchased by millers at the full support price of $98 per long ton for green wheat of 20 percent moisture, delivered to purchaser's premises.

Meanwhile, the Irish Grain Board has announced that on Dec. 31, 1966, it will purchase all 1966-crop domestic feed barley and feed (unmillable) wheat offered to it at a price of $76.86 per ton, sellers' ex-store position. The price is for grain dried to 15 percent moisture, in line with the government's support price of $63 per ton for green barley, 20 percent moisture, delivered to purchaser.

U.S. Olive Oil Imports Increase

Imports of olive oil into the United States during January-July 1966 totaled 15,003 short tons—an increase of 7 percent compared with a year earlier. The United States greatly increased its imports from Spain and to a lesser degree increased its imports from Italy, reflecting increased availabilities from 1965-crop olives. These increases more than offset substantial declines in imports from Turkey and Tunisia, both of which experienced sharply reduced outturns in the 1965-66 season.

Early prospects of olive oil availabilities for U.S. import in 1967 are favorable, since production from 1966-crop olives in the major net exporting countries, except Tunisia, may increase significantly.

U.S. IMPORTS OF OLIVE OIL

Type of oil and country of origin	1955-59 Average	1964 [1]	1965 [1]	January-July [1] 1965	January-July [1] 1966
	Short tons	*Short tons*	*Short tons*	*Short tons*	*Short tons*
EDIBLE OIL					
Algeria	706	....	....	....	....
Argentina	477	....	....	....	....
France	619	170	248	197	108
Greece	1,708	197	398	210	74
Italy	7,585	9,481	8,070	4,083	4,600
Morocco	613	....	....	....	....
Portugal	49	113	61	22	58
Spain	9,237	21,720	8,511	5,323	9,387
Tunisia	4,107	1,189	3,000	2,437	388
Turkey	1	473	1,533	1,127	24
Others	202	117	414	179	288
Total	25,304	33,460	22,235	13,578	14,927
INEDIBLE OIL					
Algeria	18	....	....	....	....
Greece	10	....	125	70	11
Italy	7	....	....	....	6
Portugal	304	....	331	331	....
Spain	41	35	....	....	38
Tunisia	38	....	....	....	....
Others	18	44	25	22	21
Total	436	79	481	423	76
Grand total	25,740	33,539	22,716	14,001	15,003

[1] Preliminary.
U.S. Bureau of the Census.

World Tung Oil Production To Increase

Tung oil production in the major producing countries in 1966-67 is expected to increase by about 28 percent from the low volume of 1965-66 and by 11 percent from the annual average for 1954-55 to 1958-59. This forecast reflects estimates of sharp increases in production in the United States, Argentina, and to a lesser extent Paraguay. No significant change in output from that in recent years is expected to occur in Mainland China.

For the Western Hemisphere alone, tung oil production in 1966-67 is estimated at 96 million pounds, or 2½ times that of 1965-66 and 5 percent above the high volume of 1964-65. Because of the sharp increase in prospect, net exports from the Western Hemisphere might increase substantially in 1966-67.

Supplies from Mainland China will meet stiffer competition in the European market in 1966-67. West German import statistics for the first 6 months of calendar 1966 indicate tung oil imports at 4.5 million pounds, of which 2.3 million were from China. In the like period of 1965, West Germany's imports were 3.7 million pounds, of which 3.2 million were from China.

Prices for South American tung oil, quoted in bulk c.i.f. European ports, declined from an average monthly high of 26.2 U.S. cents per pound in April 1965 to 20.9 cents in September 1965. The current price of about 15.5 cents (Sept. 24) is one-third below the 23.3 cents per pound averaged in calendar 1965.

ARGENTINE TUNG OIL PRICES, MONTHLY AVERAGES[1]

Month	Average 1959-64	1963	1964	1965	1966
	U.S. cents per pound	*U.S. cents per pound*	*U.S. cents per pound*	*U.S. cents per pound*	*U.S. cents per pound*
January	23.1	38.3	26.4	25.2	19.1
February	25.2	38.2	25.6	24.8	19.1
March	26.1	38.0	24.0	24.9	[2]
April	26.6	37.2	23.0	26.2	[2]
May	26.2	36.5	21.7	26.2	18.2
June	26.0	36.2	20.7	[2]	18.1
July	26.1	35.9	20.7	22.6	17.5
August	25.3	33.4	20.4	22.2	16.7
September	25.5	31.0	20.1	20.9	[3] 15.5
October	25.4	30.5	20.2	20.9	....
November	26.2	30.0	[2]	[2]	....
December	27.3	28.2	23.8	19.4	....
Average	25.8	34.4	22.4	23.3	....

[1] Quoted in bulk, c.i.f. European ports; converted from original at average rate of 2.8 U.S. dollars per £1 sterling. [2] Not quoted. [3] Preliminary through Sept. 24.
Compiled from *Public Ledger*, London (Saturday edition).

ESTIMATED TUNG OIL PRODUCTION BY MAJOR COUNTRIES

Country	Average 1954-55/ 1958-59	1963-64	1964-65 [1]	1965-66 [1]	1966-67 [2]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
United States [3]	24.0	20.6	36.8	10.0	33.0
Argentina	38.8	41.3	39.7	14.0	45.0
Brazil	1.8	2.8	3.0	3.0	3.0
Paraguay	7.0	14.4	12.0	11.0	15.0
Total Western Hemisphere	71.6	79.1	91.5	38.0	96.0
Others [4]	185.0	167.6	167.8	183.4	188.0
Total	256.6	246.7	259.3	221.4	284.0

[1] Preliminary. [2] Forecast. [3] Production from domestically grown nuts. [4] Includes estimates for Mainland China, Malagasy Republic, and Malawi.

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Highlights of the Agriculture and Trade of Mexico

Resources:—Mexico covers an area of 760,200 square miles, about one-fourth that of the continental United States, excluding Alaska. Total population, estimated at 42.7 million in 1965, is growing at an annual rate of 3.1 percent. Expansion in agriculture and industry has encouraged strong economic growth during the past decade, and per capita gross national product (GNP) rose to $477 in 1965. Agriculture provides 19 percent of the total GNP and employs 53 percent of the active labor force.

Agriculture:—According to the USDA index, agricultural output in 1965 was 38 percent above the 1957-59 average. Agriculture is concentrated in the semiarid highlands and narrow coastal plains of central and northern Mexico where productive land is restricted by low rainfall and terrain. The 1961 census estimated that 12 percent of the total land area is under cultivation—40 percent of it in pastures. The irrigated area approximates 30 percent of the land in crops. Crop production accounts for about four-fifths of the value of agricultural production. Cotton, wheat, coffee, sugarcane, and fruits and vegetables are major commercial crops, making up about 51 percent of crop production. Two basic food crops—corn and beans—account for another one-third. Dairy products and beef are the major livestock products.

Food Situation:—Average daily caloric intake for 1959-61 was estimated at 2,580 calories per capita. Consumption of protein was 2.4 ounces per day, of which one-fourth was animal products. In recent years there has been a slight increase in consumption of grains, pulses, fats, and dairy products, which accounted for 76 percent of the average caloric intake.

Foreign Trade:—Minerals have gained in importance in Mexico's trade, but agricultural products contribute over 55 percent of export earnings, valued at $1.1 billion for 1965. Agricultural imports average 7 to 10 percent of total imports, which were valued at $1.6 billion. Leading products—cotton, coffee, and sugar—along with cattle, meat, and fruits and vegetables currently make up about 40 percent of total export value. Crude rubber, wool, powdered and evaporated milk, and leaf tobacco are the important agricultural imports.

Mexican trade is strongly oriented to the United States, Europe, and Japan. However, Mexico has provided a small but growing market for products from other Latin American countries in recent years.

Agricultural Trade With the United States:—The United States provides the principal market for Mexican sugar, coffee, fruits and vegetables, and live cattle. Mexican agricultural exports to the United States, valued at $276 million for 1965, compare with $181 million for 1955-59 and approximate 54 percent of all Mexican agricultural exports. Mexican agricultural imports from the United States were valued at $87 million—about 73 percent of Mexican agricultural imports. This compares with $79 million during 1955-59. The United States provides the major source for Mexican imports of breeding cattle, dairy products, tobacco, grains and seeds, fats and oils, and hides.

Factors Affecting Agricultural Trade:—Exports are licensed to insure adequate domestic supplies. Agricultural development policies emphasize exports, which are also facilitated by subsidies, special credit, and compensatory arrangements. These grant import licenses subject to exports of an equal value of exports for specified commodities. Relatively high tariffs and licenses restrict agricultural imports to those products considered essential for food supply or raw material for industry. Since 1962, certain agricultural imports—including cheese, eggs, fresh and processed fruits and vegetables, tobacco, and meats—have been subject to a special 10-percent tax. Imports of certain basic food products including corn, grain sorghums, and beans are handled exclusively by the government food supply agency. Mexican coffee exports are restricted by the annual quota under the International Coffee Agreement, which is fixed at 85,360 metric tons for 1965-66. Mexico is a member of the Latin American Free Trade Association (LAFTA) and benefits from the trade concessions established by that association. —MARY S. COYNER

Foreign Regional Analysis Division, ERS

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